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HCFA Information
Resource Center

Impact Analysis of a Resource-Based
Relative Value Scale (RBRVS)

(Prepared by the Department of Health and Human Services)

The attached tables represent the Department's preliminary analysis of the impact of a resource-based relative value scale (RBRVS) on physicians' Medicare revenues.

This analysis represents the first time that impacts have been available on the gainers and losers within states and within specialties. This analysis also presents, for the first time, data on the gainers and losers on a state-by-state basis and for localities within states.

The RBRVS analyzed is an additive model like the proposal of the Physician Payment Review Commission (PPRC). The analysis is based on the latest available data and revised geographic cost-of-practice indexes (GPCI). The analysis uses the two versions of a GPCI most commonly mentioned:

- (a) an overhead only model (the PPRC recommendation), and
- (b) a GPCI which adjusts the whole physician payment.

Alternative GPCIs, which are not exhibited in the attached tables, would produce somewhat different impacts.

For each GPCI option, the analysis sets Medicare physician payments equal (budget neutral) to payments under the current system, with no behavioral offset. Incorporating a behavioral offset into the analysis would reduce the payment rates for all procedures.

Below is a description of each of the attached tables:

- (1) Table 1: This table presents the distributional impact within each state of the RBRVS using a GPCI applied only to physicians' overhead costs. For each state, the table shows the percentage of physician practices whose Medicare revenues:
 - (a) decrease by more than 30 percent,
 - (b) decrease by 10 to 30 percent,
 - (c) change between plus or minus 10 percent,
 - (d) increase by 10 to 30 percent, and
 - (e) increase by more than 30 percent.
- (2) Table 2: This table is the same as table 1 except that GPCI is applied to the full physician fee, instead of only to the overhead portion.

- (3) Table 3: This table presents the distributional impact within each specialty of the RBRVS using a GPCI applied only to physicians' overhead costs. For each specialty, the table shows the percentage of physician practices whose Medicare revenues:
- (a) decrease by more than 30 percent,
 - (b) decrease by 10 to 30 percent,
 - (c) change between plus or minus 10 percent,
 - (d) increase by 10 to 30 percent, and
 - (e) increase by more than 30 percent.
- (4) Table 4: This table is the same as table 3 except that GPCI is applied to the full physician fee, instead of only to the overhead portion.
- (5) Table 5: This table presents the impact of the RBRVS for each state using the two different GPICs mentioned above.
- (6) Table 6: This table presents the impact of the RBRVS for each locality in the country using the two GPICs discussed above.

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Table 1

Percentage of Practices with Different Changes in Medicare Allowed Charges,
by State, for Additive Model with Revised Geographic Practice
Cost Index (GPCI) on Overhead Costs 1/

State	Percent Loss or Gain				
	<-20%	-20% to -10%	-10% to 10%	10% to 20%	>20%
Percent of Practices					
All States 2/	14	30	25	16	15
Alabama	1	30	20	32	17
Alaska	2	88	9	0	0
Arizona	15	28	35	18	5
Arkansas	10	16	25	29	19
California	19	36	32	10	3
Colorado	1	14	23	30	32
Connecticut	5	31	28	26	10
Delaware	21	7	18	20	33
Dist. of Col.	31	21	19	24	4
Florida	8	40	35	14	3
Georgia	6	31	24	19	21
Hawaii	1	44	48	5	1
Idaho	0	0	31	45	23
Illinois	6	27	22	15	31
Indiana	6	24	24	18	27
Iowa	2	56	10	13	18
Kansas	2	5	44	27	21
Kentucky	22	23	23	15	18
Louisiana	26	21	18	16	20
Maine	3	20	45	16	16
Maryland 1/	4	27	34	19	16
Massachusetts	5	33	27	22	13
Michigan	7	22	22	25	24
Minnesota	6	9	30	44	11
Mississippi	1	51	5	8	35
Missouri	4	20	24	20	31
Montana	16	25	25	22	5
Nebraska	8	14	38	17	24
Nevada	16	63	15	3	3
New Hampshire	0	6	30	17	47
New Jersey	11	21	38	14	17
New Mexico	1	47	19	21	11
New York	29	32	18	13	9
North Carolina	12	36	23	13	17
North Dakota	50	21	24	4	2
Ohio	6	43	20	13	18
Oklahoma	14	29	27	21	8
Oregon	24	21	26	23	6
Pennsylvania	6	21	29	20	23
Rhode Island	0	16	58	17	8
South Carolina	10	22	26	17	25
South Dakota	0	36	28	11	25
Tennessee	3	9	14	23	51
Texas	37	23	19	8	12
Utah	2	16	11	60	11
Vermont	0	9	25	31	35
Virginia 1/	3	11	24	23	39
Washington	4	39	35	18	4
West Virginia	2	52	16	10	19
Wisconsin	1	17	34	25	23
Wyoming	2	2	41	8	47

1/ Preliminary estimates based on recently received data. New payment rates are set budget neutral to current payment levels, assuming no behavioral offsets. Including behavioral offsets would reduce all payments rates in order to achieve budget neutrality. Overhead cost GPCI is similar to PPRC recommendation. Alternative GPCIs would produce somewhat different impacts. Rows may not sum to 100 percent due to rounding. Practices have been weighted by total allowed charges.

2/ Sample size may affect the estimates in smaller states.

1/ Boundaries used for Medicare payment purposes do not correspond precisely to state boundaries.

Source: Health Care Financing Administration, Office of Research and Demonstrations
1988 estimates based on 1987 provider file updated.

Table 2

Percentage of Practices with Different Changes in Medicare Allowed Charges
by State, for Additive Model, with Revised Geographic Practice
Post Index (GPI) on Both Components 1/

State	Percent Loss or Gain				
	≤-10%	-10% to -10%	-10% to 10%	10% to 30%	≥30%
Percent of Practices					
All States 2/	14	25	26	16	15
Alabama	2	37	38	12	11
Alaska	0	2	88	9	1
Arizona	15	27	36	17	5
Arkansas	16	27	30	20	5
California	14	31	31	17	6
Colorado	1	14	23	29	32
Connecticut	5	31	27	25	11
Delaware	19	5	19	23	33
Dist. of Col.	14	31	12	32	12
Florida	9	43	35	11	2
Georgia	15	32	23	22	8
Hawaii	1	44	48	5	1
Idaho	0	3	43	45	9
Illinois	5	24	21	16	34
Indiana	6	27	22	19	26
Iowa	5	55	11	11	18
Kansas	4	36	35	18	7
Kentucky	23	27	22	17	11
Louisiana	29	18	21	17	15
Maine	3	62	17	12	7
Maryland 2/	4	25	24	26	21
Massachusetts	5	33	27	21	14
Michigan	3	23	17	21	35
Minnesota	6	10	28	37	19
Mississippi	31	22	10	15	23
Missouri	7	25	20	23	25
Montana	29	28	36	5	2
Nebraska	16	9	45	13	18
Nevada	15	63	14	4	3
New Hampshire	0	16	31	32	21
New Jersey	10	10	44	24	12
New Mexico	1	59	13	16	10
New York	21	29	22	14	14
North Carolina	18	37	22	11	12
North Dakota	49	44	1	4	2
Ohio	10	30	30	14	17
Oklahoma	27	24	37	7	4
Oregon	24	26	27	20	4
Pennsylvania	6	24	26	21	24
Rhode Island	0	16	56	19	9
South Carolina	13	31	25	16	15
South Dakota	36	15	23	11	14
Tennessee	5	14	15	29	37
Texas	42	22	18	8	9
Utah	2	16	11	61	10
Vermont	1	24	40	22	13
Virginia 2/	3	13	30	25	29
Washington	4	35	36	20	6
West Virginia	11	48	15	8	37
Wisconsin	0	21	30	30	19
Wyoming	2	12	31	10	45

1/ Preliminary estimates based on recently received data. New payment rates are set budget neutral to current payment levels, assuming no behavioral offsets. Including behavioral offsets would reduce all payments rates in order to achieve budget neutrality. Alternative GPIs would produce somewhat different impacts. Rows may not sum to 100 percent due to rounding. Practices have been weighted by total allowed charges.

2/ Sample size may affect the estimates in smaller states.

2/ Boundaries used for Medicare payment purposes do not correspond precisely to state boundaries.

SOURCE: Health Care Financing Administration, Office of Research and Demonstrations. 1988 estimates based on 1987 provider file updated.

Table 3

Distribution of Practices by Change in Medicare Allowed Charges, by Specialty, for Additive Model with Revised Geographic Practice Cost Index (GPCI) on Overhead Costs 1/

Specialty	<u>Percent Loss or Gain</u>				
	<u><-30%</u>	<u>-30% to -10%</u>	<u>-10% to 10%</u>	<u>10% to 30%</u>	<u>>30%</u>
<u>Percent of Practices</u>					
All Physicians 2/	14%	30%	25%	16%	16%
Dermatology	8	20	45	14	12
Family Practice	0	4	20	26	50
General Practice	3	9	19	20	48
General Surgery	17	37	23	12	11
Gynecology	12	31	28	16	13
Internal Medicine	4	11	30	30	24
Ophthalmology	19	56	17	7	1
Orthopedic Surg.	3	28	42	20	7
Otolaryngology	7	21	36	21	15
Pathology	41	33	11	6	9
Psychiatry	23	33	25	11	8
Radiology	34	45	15	4	2
Thoracic Surgery	55	26	15	1	3
Urology	2	26	49	16	7

1/ Preliminary estimates based on recently received data. New payment rates are set budget neutral to current payment levels, assuming no behavioral offsets. Including behavioral offsets would reduce all payments rates in order to achieve budget neutrality. Overhead cost GPCI is similar to PPRC recommendation. Alternative GPCIs would produce somewhat different impacts. Rows may not sum to 100 percent due to rounding. Practices have been weighted by total allowed charges.

2/ Sample size may affect the estimates in certain low volume specialties.

Source: Health Care Financing Administration, Office of Research and Demonstrations. 1988 estimates based on 1987 provider file updated.

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Table 4

Distribution of Practices with Change in Medicare Allowed Charges, by
Specialty, for Additive Model with Revised Geographic Practice
Cost Index (GPCI) on Both Components 1/

<u>Specialty</u>	<u>Percent Loss or Gain</u>				
	<u><-30%</u>	<u>-30% to -10%</u>	<u>-10% to 10%</u>	<u>10% to 30%</u>	<u>>30%</u>
	<u>Percent of Practices</u>				
All Physicians 2/	14%	29%	26%	17%	15%
Dermatology	6	24	40	20	11
Family Practice	1	4	21	31	43
General Practice	3	8	22	24	43
General Surgery	16	39	24	10	11
Gynecology	12	31	25	16	16
Internal Medicine	4	11	29	31	25
Ophthalmology	23	53	18	4	2
Ortho. Surgery	4	30	39	20	7
Otorhinolar.	0	28	34	23	15
Pathology	45	30	11	5	9
Pediatrics	1	9	32	33	25
Psychiatry	21	37	24	9	9
Radiology	32	40	21	4	2
Thoracic Surgery	59	20	16	2	3
Urology	0	28	51	17	4

1/ Preliminary estimates based on recently received data. New payment rates are set budget neutral to current payment levels, assuming no behavioral offsets. Including behavioral offsets would reduce all payments rates in order to achieve budget neutrality. Alternative GPCIs would produce somewhat different impacts. Rows may not sum to 100 percent due to rounding. Practices have been weighted by total allowed charges.

2/ Sample size may affect the estimates in certain low volume specialties.

Source: Health Care Financing Administration, Office of Research and Demonstrations. 1988 estimates based on 1987 provider file updated.

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Table 5

Percent Change in Medicare Allowed Charges, by State, for Additive Model with Two Geographic Practice Cost Indexes (GPCI; 1/

State	Allowed Charges (000,000's)	GPCI Outlets	GPCI RGE
Percent Loss or Gain			
All States	\$11,987	04	04
Alabama	214	6	1
Alaska	7	-21	-4
Arizona	184	-10	-11
Arkansas	134	4	-6
California	1,422	-12	-6
Colorado	90	18	18
Connecticut	150	3	4
Delaware	28	7	13
Dist. of Col.	141	-9	3
Florida	1,105	-11	-13
Georgia	294	5	-3
Hawaii	40	-8	-8
Idaho	31	16	7
Illinois	468	13	18
Indiana	218	2	-1
Iowa	105	21	14
Kansas	87	0	-9
Kentucky	141	10	4
Louisiana	215	4	1
Maine	49	14	2
Maryland 2/	137	5	9
Massachusetts	284	-2	3
Michigan	453	9	17
Minnesota	85	-11	13
Mississippi	112	28	17
Missouri	274	14	9
Montana	34	3	-5
Nebraska	69	14	4
Nevada	49	-18	-14
New Hampshire	30	21	9
New Jersey	407	5	12
New Mexico	46	-6	-6
New York	1,135	-7	-1
North Carolina	266	4	-11
North Dakota	38	-5	-11
Ohio	530	0	-1
Oklahoma	140	3	-4
Oregon	112	2	-2
Pennsylvania	816	5	4
Rhode Island	60	6	8
South Carolina	104	8	0
South Dakota	35	7	-5
Tennessee	227	9	1
Texas	701	-9	-13
Utah	42	15	14
Vermont	18	14	0
Virginia 2/	193	17	10
Washington	207	-1	0
West Virginia	90	2	-3
Wisconsin	164	6	4
Wyoming	9	19	14

1/ Preliminary estimates. Data includes only specialties and procedures valued in Harvard RFA's Phase I study (excluding oral surgeons, allergy, rheumatology, and anesthesiology). New payment rates are set budget neutral to current payment levels, assuming no behavioral offsets. Including behavioral offsets would reduce all payments rates in order to achieve budget neutrality. Overhead cost GPCI is similar to PPRC recommendation. Alternative GPCIs would produce somewhat different impacts.

2/ Boundaries used for Medicare payment purposes do not correspond precisely to state boundaries.

SOURCES: Health Care Financing Administration, Office of Research and Demonstrations. 1988 estimates based on 1987 procedure file updated.

TABLE 6

PERCENT CHANGE IN MEDICARE ALLOWED CHARGES, BY LOCALITY.
FOR ADDITIVE MODEL
COMPARED TO CURRENT MEDICARE ALLOWED CHARGES 1/ 2/

<u>Carrier</u>	<u>Locality</u>	<u>Description</u>	<u>CPB Allowed Charges (in \$100,000)</u>	<u>Overhead GPCI</u>	<u>Full GPCI</u>
			<u>Percent Loss or Gain</u>		
00000	00	NATIONAL	\$119866	0%	0%
01070	01	ALASKA	70	-21	-4
00510	01	NORTHEAST AL	287	6	3
00510	02	NORTH CENTRAL AL	238	9	4
00510	03	SOUTHEAST AL	394	0	1
00510	04	SOUTHWEST AL	287	8	-1
00510	05	MONTGOMERY, AL	621	-5	-9
00510	06	RURAL AL	308	24	17
00570	13	ARKANSAS	1340	4	-6
01030	01	PHOENIX (CITY), AZ	1175	-13	-11
01030	02	TUCSON (CITY), AZ	420	-8	-11
01030	05	FLAGSTAFF (CITY), AZ	12	-12	-16
01030	07	PRESCOTT (CITY), AZ	30	-7	-11
01030	08	YUMA (CITY), AZ	39	-6	-10
01030	99	RURAL ARIZONA	166	-2	-5
00542	01	N. COASTAL CNTYS, CA	339	-9	-8
00542	02	NE OUNAL CA	330	-9	-8
00542	03	MARIN/MAPA/SOLANO, CA	186	-4	-2
00542	04	SACRAMENTO/SUNO. CNTYS, CA	626	-8	-3
00542	05	SAN FRANCISCO, CA	497	2	9
00542	06	SAN MATEO, CA	200	-4	3
00542	07	OAKLAND-BERKELEY, CA	789	0	5
00542	08	STOCKTON/SUNO. CNTYS, CA	326	-12	-10
00542	09	SANTA CLARA, CA	468	-6	2
00542	10	MERCED/SUNO. CNTYS, CA	210	-12	-7
00542	11	FRESNO/MADERA, CA	349	-15	-14
00542	12	MONTENEY/SANTA COUZ, CA	228	-4	0
00542	13	KINGS/TULARE, CA	143	-7	-8
00542	14	BAKERSFIELD, CA	242	-15	-9
00542	15	SAN BERNARDINO/E.CENTRAL CA	418	-13	-9
00542	27	BIVERSIDE, CA	570	-17	-13
02050	16	SANTA BARBARA, CA	802	-21	-18
02050	17	VENTURA, CA	288	-17	-11
02050	18	LOS ANGELES, CA (1ST DF 0)	5274	-14	-5
02050	26	ANAHIM-SANTA ANA, CA	1197	-11	-4
02050	28	SAN DIEGO/IMPERIAL, CA	1241	-20	-16
00550	01	COLORADO	901	18	18
10280	01	NW AND N.CENTRAL COON.	721	5	5
10230	02	SW CONNECTICUT	247	-3	2
10230	03	SOUTH CENTRAL COON.	876	1	8
10230	04	EASTERN COON.	157	9	8
00580	01	D.C. + MD/VA SUBURBS	1406	-8	3
00570	01	DELAWARE	278	7	13
00590	01	RURAL FLORIDA	1015	-8	-11
00590	02	N/NC FLORIDA CITIES	4846	-9	-15
00590	03	FORT LAUDERDALE, FL	3245	-15	-15
00590	04	MIAMI, FL	1829	-17	-12
18110	01	ATLANTA, GA	1140	3	-8
18110	02	SMALL GA CITIES 02	674	-2	-10
18110	03	SMALL GA CITIES 03	718	8	-6

TABLE 6 - Continued

PERCENT CHANGE IN MEDICARE ALLOWED CHARGES, BY LOCALITY,
FOR ADDITIVE MODEL
COMPARED TO CURRENT MEDICARE ALLOWED CHARGES 1/ 2/

Carrier	Locality	Description	CPR Allowed Charges (In \$100,000)	Overhead GPCI Percent Loss or Gain	Full GPCI
13110	04	RURAL GEORGIA	\$ 413	20%	13%
01120	01	HAWAII	402	8	-8
00640	01	SE IOWA (EXCL IOWA CITY)	136	26	20
00640	02	NORTHEAST IOWA	119	32	24
00640	03	NORTH CENTRAL IOWA	135	29	20
00640	04	S. CEN. IA (EXCL DES MOINES)	120	14	4
00640	05	DES MOINES (POLK/WARREN).IA	186	17	17
00640	06	NORTHWEST IOWA	171	17	8
00640	07	SOUTHWEST IOWA	100	35	24
00640	08	IOWA CITY (CITY LIMITS)	75	-6	-14
05130	00	IDAHO CARRIER WIDE	16	3	-5
05130	11	SOUTH IDAHO	211	17	8
05130	12	NORTH IDAHO	79	18	8
00621	01	NORTHWEST, IL	31	27	19
00621	02	ROCKFORD, IL	195	8	11
00621	03	OE KALB, IL	118	22	18
00621	04	NOCK ISLAND, IL	83	25	23
00621	05	PEORIA, IL	119	30	35
00621	06	KANKAKEE, IL	69	28	21
00621	07	QUINCY, IL	104	32	24
00621	08	NORMAL, IL	102	23	23
00621	09	SPRINGFIELD, IL	160	14	19
00621	10	CHAMPAIGN-URBANA, IL	57	20	12
00621	11	DECATUR, IL	85	81	24
00621	12	EAST ST. LOUIS, IL	256	81	29
00621	13	SOUTHEAST IL	108	17	10
00621	14	SOUTHERN IL	147	6	9
00621	15	SUBURBAN CHICAGO, IL	328	17	22
00621	16	CHICAGO, IL	2504	7	16
00630	01	METROPOLITAN INDIANA	1228	-5	-5
00630	02	URBAN INDIANA	683	5	0
00630	03	RURAL INDIANA	256	27	20
00650	01	RURAL KANSAS	702	-1	-12
00740	04	SUBURBAN KANSAS CITY, KA	103	2	-3
00740	05	KANSAS CITY, KA	60	12	7
00660	01	LEXINGTON & LOUISVILLE, KY	546	0	-5
00660	02	SM CITIES (CITY LIMITS) KY	674	10	8
00660	03	RURAL KENTUCKY	242	81	29
00528	01	NEW ORLEANS, LA	754	0	-1
00528	02	SHREVEPORT, LA	245	-1	0
00528	03	BATON ROUGE, LA	247	-1	-4
00528	04	LAKE CHARLES, LA	81	3	-5
00528	05	MOORE, LA	108	4	-2
00528	06	LAFAYETTE, LA	120	8	3
00528	07	ALEXANDRIA, LA	118	-16	-17
00528	50	RURAL LOUISIANA	488	20	14
00700	01	MASSACHUSETTS URBAN	2088	-1	0
00700	02	MASS. SUBURBS/RURAL (CITIES)	752	10	9
00690	01	BALTIMORE/SURR CITIES, MD	1083	2	6
00690	02	WESTERN MARYLAND	140	22	29

TABLE 6 - Continued

PERCENT CHANGE IN MEDICARE ALLOWED CHARGES, BY LOCALITY, FOR ADDITIVE MODEL COMPARED TO CURRENT MEDICARE ALLOWED CHARGES 1/ 2/				CPR Allowed Charges (In \$100,000)	Overhead GPCI	Full GPCI
Carrier	Locality	Description			Percent Loss or Gain	
00490	03	SOUTH + E SHORE MD		\$ 151	15%	16%
21200	01	NORTHERN MAINE		144	10	4
21200	02	CENTRAL MAINE		159	14	1
21200	03	SOUTHERN MAINE		187	10	0
00710	01	DETROIT, MI		2541	6	10
00710	02	MICHIGAN, NOT DETROIT		1991	13	15
00720	00	MINNESOTA CARRIER WIDE		61	7	6
00720	02	NORTHERN MINNESOTA		109	20	14
00720	04	SOUTHERN MINNESOTA		82	26	19
10240	01	ST. PAUL-MINNEAPOLIS, MN		598	8	12
00740	01	ST. JOSEPH, MO		80	0	-5
00740	02	N. K.C. (CLAY/PLATTE), MO		63	7	-2
00740	03	N.C. (JACKSON COUNTY), MO		460	1	-3
00740	06	RURAL RW COUNTIES, MO		105	33	10
11260	01	ST. LOUIS/LO. E.CITIES, MO		1502	12	9
11260	02	SW. E.CITIES+JEFF.CRTY, MO		263	15	8
11260	03	RURAL (EXCL RURAL RW) MO		270	45	20
10250	01	RURAL MISSISSIPPI		555	40	26
10250	02	URBAN MS (CITY LIMITS)		577	17	8
00751	01	MOBILE		942	3	-5
13340	00	NORTH CAROL CARRIER WIDE		1227	-16	-22
13340	94	URBAN (CITY LIMITS) NC		540	-2	-7
13340	95	RURAL NORTH CAROLINA		875	36	23
00820	01	NORTH DAKOTA		384	-5	-11
00820	02	SOUTH DAKOTA		848	7	-5
00645	00	NEBRASKA CARRIER WIDE		11	31	10
00645	15	OMAHA + LINCOLN, NE		399	3	-4
00645	16	RURAL NEBRASKA		99	55	36
00645	17	URBAN (CRTY POP>25000) NE		178	15	4
00780	40	NEW HAMPSHIRE		304	21	8
00780	50	VERMONT		180	14	0
13310	01	NORTHERN NEW JERSEY		2552	1	9
13310	02	MIDDLE NEW JERSEY		871	11	10
13310	03	SOUTHERN NEW JERSEY		642	10	14
01360	05	NEW MEXICO		456	-6	-9
01290	01	LAS VEGAS, ET AL (CITIES), NV		380	-19	-15
01290	02	HENO, ET AL (CITIES), NV		141	-15	-13
01290	03	ELKO & ELY (CITIES), NV		6	-10	-10
01290	99	RURAL NEVADA		10	7	11
00801	01	BUFFALO/SUNN. CNTYS, NY		640	9	10
00801	02	ROCHESTER/SUNN. CNTYS, NY		404	5	11
00801	03	N. CENTRAL CITIES, NY		962	4	3
00801	04	RURAL NEW YORK		763	16	13
00803	01	MANHATTAN, NY		2622	-29	-22
00803	02	NYC SUBURBS/LONG I., NY		4610	-7	3
00803	03	POUGHKEEPSIE/R. NYC SUBURBS		446	4	4
14330	04	QUEENS, NY		879	-2	9
14360	01	ARLON, OH		492	3	1
14360	02	CINCINNATI, OH		768	1	-2
14360	03	CLEVELAND, OH		1441	-8	-7

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